



Current Articles 2002 - June

OPCF 19 or OPCF 19a

As the warmer weather improves, many of your clients are going to bring out of their garages the results of many months, and perhaps years, of personal efforts that they have spent, in time and money, to restore an antique or classic automobile. It may be a Ford Model T, a Packard Roadster or an MG. Whatever it is (or was), a broker must give special attention and advice to these "hobbyists"

When the decision is made to rebuild such an automobile, the restoration process will commence with the purchase of a vehicle which may be in parts, incomplete, or the client may purchase such parts from many sources. My brother is currently negotiating to buy a 1949 MGTC. Apart from the frame and some other large components, the rest of the car is in several cardboard boxes, and has been for several years. This accumulation of parts and hours of personal labour is often unaccounted - no records of time spent or other expenditures. If a loss occurs, it becomes difficult to establish a value. Although the client may have put many personal hours into the restoration as a hobby, how does his time enter into the value equation?

In effecting coverage for these vehicles, underwriters usually require an OPCF 19 endorsement. This endorsement is basically **for the benefit of the insurer**. Clients and sometimes brokers are misled because the endorsement shows a dollar amount which is usually obtained from an appraisal or other means of establishing the value of the vehicle. This endorsement, however, states that the insurer will not pay more than the actual cash value or the dollar amount stated on the endorsement whichever is less. If the insurer believes that the actual cash value is less, the client may not get the amount that he believes he should.

This is where the alternative endorsement, the OPC19A - Agreed Value of Automobiles should be recommended. This endorsement will guarantee to pay the amount stated on the endorsement. Of course, insurers will require an up to date appraisal before considering the OPCF 19A. Some insurers may not offer the OPCF 19A. This brings a duty of care on the broker to advise the client of the alternate endorsement and if the broker cannot supply the OPCF19A with any of his markets, must advise the client that he should consider another insurer. Failure to make the client aware of the lack of, or availability of coverage goes back to the decision in the Fine's Flowers scenario.

If an insured is not at fault in an accident with his prize restoration, the DCPD of his own policy will pay, but on an ACV basis only and the client will not have the right to sue the Third Party for other physical damage amounts. The OPCF 19A, however, will supply the difference between the DCPD actual cash value amount and the Valued amount shown on the endorsement. This advantage, in itself, makes the OPCF 19A an absolute "must" for antique or restored automobiles.

Enjoy your antique autos and have a safe summer and I look forward to returning in the Fall.

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